

ONE Minute Brief

17 August 2016

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Economic and Political News

The High court in Johannesburg has ruled that the National Energy Regulator must review its decision to allow state owned utility, Eskom to increase prices from April 1.

The Presidency indicated that President Jacob Zuma appointed three additional commissioners to the Independent Commission for the Remuneration of Public Office Bearers.

Health Minister, Aaron Motsoaledi blocked the tabling of the financials of the Compensation Fund in Parliament as he intends to clean up the backlog of 100,000 cases of unpaid claims to injured workers.

The leader of the Association for Mining and Construction Union (Amcu), Joseph Mathunjwa, stated that an alliance between the Government and a workers' trade union will be harmful and can compromise the positions of the governing party and the workers organisation. He also stated that declaring August 16 as a public holiday would help to bring closure to those affected by the killings at Marikana in 2012.

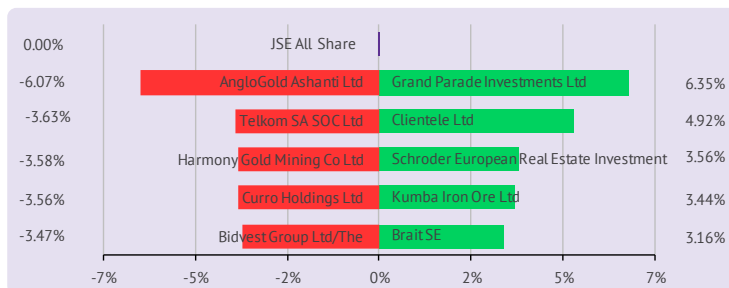
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52396.40	▼	-1.57	0.00%	-0.78%	-0.76%	1.11%
JSE Top 40	45392.84	▲	88.96	0.20%	-0.68%	-1.14%	-0.88%
FTSE 100	6893.92	▼	-47.27	-0.68%	-0.32%	2.52%	3.38%
DAX 30	10676.65	▼	-62.56	-0.58%	-0.34%	3.28%	6.79%
CAC 40	4460.44	▼	-37.42	-0.83%	-0.88%	0.46%	4.77%
S&P 500	2178.15	▼	-12.00	-0.55%	-0.27%	0.21%	3.56%
Nasdaq Composite	5227.11	▼	-34.90	-0.66%	-0.11%	1.26%	6.60%
DJIA	18552.02	▼	-84.03	-0.45%	-0.13%	0.65%	2.80%

South Africa Market ▼

South African markets closed flat

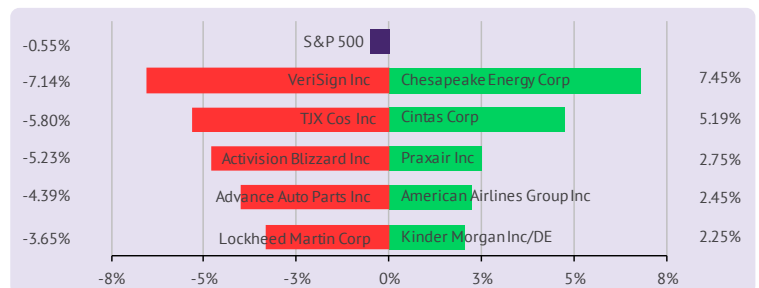
South African markets remained unchanged yesterday. The JSE All Share Index traded flat to close at 52,396.40.



US Market ▼

The S&P 500 futures are trading in the green

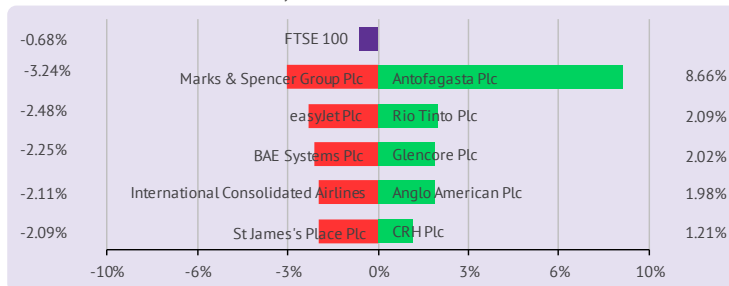
US markets closed lower yesterday, weighed down by losses in telecommunications sector stocks. Data indicated that consumer price index in the US was flat on a monthly basis in July. The S&P 500 Index dropped 0.6% to close at 2,178.15.



UK Market ▼

The FTSE 100 futures are trading in positive territory

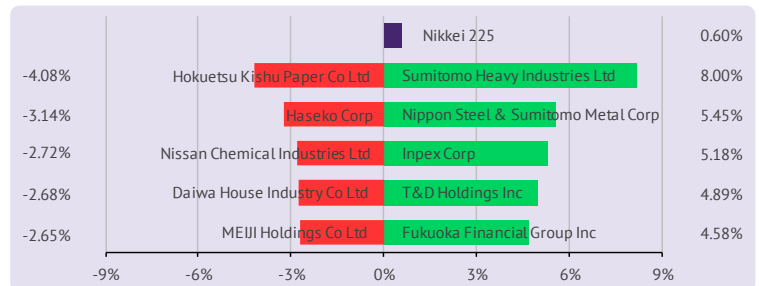
UK markets finished lower yesterday, amid losses in airlines sector stocks. Data revealed that UK's consumer prices advanced higher than market expectations on an annual basis in July. The FTSE 100 Index declined 0.7% to close at 6,893.92.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.6% higher at 16,696.16.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar gained marginally against the South African Rand to trade at R13.4247. Later today, traders will keep a close watch on the FOMC meeting minutes for further direction. Additionally, South Africa's retail sales data will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after data indicated that industrial production in the US advanced more-than-expected in July, while manufacturing output grew for a second straight month. Separately, consumer prices were unchanged on a monthly basis in July due to a fall in gasoline prices for the first time in five months. Additionally, housing starts rose to its highest level in five months in July. Meanwhile, building permits dropped unexpectedly on a monthly basis in the same month.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally dropped against the South African Rand to trade at R17.5020. Later today, traders will keep an eye on UK's unemployment rate and claimant count rate for further cues.

The British Pound advanced against the South African Rand yesterday, after data indicated that UK's annual consumer price index rose to a 20-month high in July due to rising fuel prices.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R15.1392. Going forward, market participants will keep a tab on Eurozone's consumer price inflation data, scheduled for tomorrow.

The Euro strengthened against the South African Rand yesterday, after the ZEW survey showed that Eurozone's economic sentiment index rebounded in August from July. Moreover, the region's trade surplus narrowed in June. Separately, Germany's ZEW economic sentiment index rebounded less-than-expected in August, while current conditions index advanced in the same month.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R10.3075. Earlier in the session, Australia's Westpac leading index rebounded on a monthly basis in July.

The Australian Dollar rose against the South African Rand yesterday. Separately, the RBA's monetary policy meeting minutes indicated that while prospects for growth were positive, there was room for stronger growth, which could be assisted by lower interest rates.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4247	▲	0.89%	-0.41%	-3.29%	-5.76%	-13.26%
GBPZAR	17.5020	▼	2.21%	0.56%	-4.61%	-6.41%	-23.20%
EURZAR	15.1392	▲	1.76%	0.70%	-2.41%	-5.05%	-9.92%
AUDZAR	10.3075	▼	1.16%	0.18%	-2.21%	-3.73%	-9.09%
EURUSD	1.1273	▼	0.85%	1.05%	0.94%	0.61%	3.80%
GBPUSD	1.3033	▼	1.29%	0.98%	-1.39%	-0.61%	-11.50%
Brent (\$/barrel)	48.9	▼	1.82%	4.81%	13.09%	-12.43%	32.05%
Gold (\$/oz)	1349.5	▼	0.76%	1.10%	0.11%	2.15%	27.38%
Platinum (\$/oz)	1124.3	▲	0.70%	-0.46%	-2.30%	12.64%	26.06%
Copper (\$/MT)*	4800.0	▲	0.85%	1.07%	-2.34%	1.55%	2.00%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,349.50/oz.

Yesterday, gold prices rose 0.8% to close at \$1,350.50/oz, amid a decline in global equity markets.

Brent Crude Oil ▼

Trading weaker

Brent crude oil edged 0.7% lower at 06:00 SAST, to trade at \$48.90/bl, reversing previous session gains.

Yesterday, Brent crude oil advanced 1.8% to settle at \$49.23/bl, amid rising expectations of an output-freeze agreement by major producers next month. Moreover, the American Petroleum Institute (API) reported that crude oil inventories declined 1.00mn bls last week, whereas a 2.2mn bls increase was seen in gasoline stocks.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices marginally gained to trade at \$1,124.30/oz.

Yesterday, platinum prices climbed 0.7% to close at \$1124.10/oz.



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Major South Africa Corporate News

Curro Holdings Limited

In its 1H16 results, the company stated that its revenue increased to R872.00mn from R705.00mn posted in the corresponding period of the prior year. Its headline diluted EPS rose 49.0% from the same period of the previous year to 21.60c. Its profit before tax climbed to R99.00mn, from R67.00mn in the similar period of the preceding year.

Santam Limited

In its trading statement for 1H16, the company indicated that it expects headline EPS to be between 612.00c to 656.00c, compared with 887.00c recorded in the corresponding period of the previous year. It anticipates EPS to be between 600.00c and 644.00c, compared with 870.00c posted in the similar period of the prior year.

Major Global Economic News

US

The consumer price index (CPI) in the US remained unchanged on a monthly basis in July, compared to an advance of 0.2% in the previous month. Markets were expecting the CPI to record an unchanged reading.

On a monthly basis in the US, manufacturing production advanced 0.5% in July, compared to a rise of 0.4% in the previous month. Markets were expecting manufacturing production to rise 0.3%.

On a monthly basis, industrial production in the US advanced 0.7% in July, more than market expectations for an advance of 0.3%. In the prior month, industrial production had advanced 0.6%.

In July, building permits in the US recorded an unexpected drop of 0.1%, on monthly basis, to an annual rate of 1152.00K, compared to market expectations of 1160.00K. In the prior month, building permits had recorded a reading of 1153.00K.

In July, housing starts unexpectedly rose by 2.1%, on monthly basis, to an annual rate of 1211.00K in the US, compared to market expectations of 1180.00K. In the previous month, housing starts had recorded a revised level of 1186.00K.

The New York Federal Reserve (Fed) President, William Dudley, indicated that a September rate rise was still on the table, given that the US labour market continues to generate reasonable job gains and as the nation's economy is likely to improve in the second half of the year after a weak performance during the first six months.

UK

In the UK, on an annual basis, the CPI rose 0.6% in July, higher than market expectations for a rise of 0.5%. The CPI had recorded a rise of 0.5% in the prior month.

Eurozone

The economic sentiment index in the Eurozone rose to a level of 4.60 in August. In the previous month, the index had registered a reading of -14.70.

The seasonally adjusted trade surplus in the Eurozone narrowed to EUR23.40bn in June, less than market expectations of a surplus of EUR25.30bn. The Eurozone posted a revised surplus of EUR24.60bn in the prior month.

In Germany, the economic sentiment index climbed to 0.50 in August, compared to a level of -6.80 in the previous month. Market expectation was for the economic sentiment index to rise to 2.00.

Asia

The Westpac leading index in Australia rose 0.05% in July on a monthly basis. In the prior month, the index had registered a drop of 0.2%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
UK	10:30	Claimant Count Rate (Jul)	✓✓	2.20%	2.20%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Jun)	✓✓	4.90%	4.90%	Monthly
UK	10:30	Average Earnings including Bonus (3Mo/Yr) (Jun)	✓✓	2.40%	2.30%	Monthly
UK	10:30	Claimant Count Change (Jul)	✓✓	9.00K	0.40K	Monthly
UK	10:30	Employment Change (3M/3M) (Jun)	✓✓	150.00K	176.00K	Monthly
Switzerland	11:00	ZEW Survey - Expectations (Aug)	✓✓	-	5.90	Monthly
US	13:00	MBA Mortgage Applications (12-Aug)	✓	-	7.10%	Weekly
South Africa	13:00	Retail Sales (MoM) (Jun)	✓✓✓	-0.60%	3.40%	Monthly
US	19:00	Fed's Bullard Speaks in St. Louis	✓	-	-	As scheduled
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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